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OFFICE OF GENERAL
COUNSEL

February 21, 2016

MUR # 7219

Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

**RE: Complaint Against Patrick Murphy and the Friends of Patrick
Murphy for Violation of 11 CFR 116.11 and Reporting Violations**

Dear General Counsel:

The basis for this complaint is that Patrick Murphy, and his campaign committee the Friends of Patrick Murphy, violated 11 C.F.R. 116.11 by repaying \$1 million in a personal loan or loans in connection with an election, after the date of that election, with related misreporting. Because of this violation, Patrick Murphy should be required to return \$1 million to the campaign, and both Murphy and the campaign should incur penalties and fines.

Murphy was a candidate for the U.S. Senate from Florida, during the 2016 General Election, which took place on Nov. 8, 2016. The Murphy campaign committee's 2016 Post-General Election Report lists a personal loan from Murphy on August 25, 2016 of at least \$1 million.¹

[P]ersonal loans mean a loan or loans, including advances, made by a candidate, using personal funds, as defined in 11 CFR 100.33, to his

¹ Line 10 of the 2016 Post-General Election Report lists \$2 million in campaign loans, \$1 million from Murphy personally, and \$1 million from the Amalgamated Bank endorsed or guaranteed by Murphy and secured by his personal funds. See also pp. 6042-6092. Murphy's 2016 Year-End Report, however, appears to imply that these were one single \$1 million loan, not two. In any event, there was at least one \$1 million personal loan on Oct. 25.

or her authorized committee where the proceeds of the loan were used in connection with the candidate's campaign for election. Personal loans also include loans made to a candidate's authorized committee that are endorsed or guaranteed by the candidate or that are secured by the candidate's personal funds.

11 C.F.R. 116.11(a).

The Murphy Post-Election Report also indicates that Murphy's cash on hand on the date after the general election, i.e., Nov. 9, 2016, was \$287,927.05, calculated as follows:

Cash on hand on Nov. 28, 2016:	\$157,866.16 (line 8, column A)
Receipts between Nov. 9 and Nov. 28:	- \$ 4278.87 (line 16, column C)
Expenditures between Nov. 9 and Nov. 28:	+ \$134,339.76 (line 17, column C)
Cash on hand on Nov. 9, 2016:	\$287,927.05

According to the Murphy Post-Election Report, none of this cash on hand was used to pay off the candidate loan or loans by Nov. 28, 2016 (line 19a).

The Murphy campaign committee's 2016 Year-End Report indicates that Murphy contributed \$1 million to his campaign committee on December 1, 2016, twenty-three days after the 2016 General Election. The report also indicates that \$1 million was repaid to the campaign's creditor, the Amalgamated Bank, on that day. **This was a repayment in excess of \$250,000 from a contribution after the date of the election.**

This action violated 11 C.F.R. 116.1. To demonstrate this, paragraphs (b) and (c) are set forth below, with interstitial comments in bold italics:

(b) For personal loans that, in the aggregate, exceed \$250,000 in connection with an election, the authorized committee:

(1) May repay the entire amount of the personal loans using contributions to the candidate or the candidate's authorized committee provided that those contributions were made on the day of the election or before; ***[No personal loan was repaid with any contributions made before the election.]***

(2) May repay up to \$250,000 of the personal loans from contributions made to the candidate or the candidate's authorized committee after the date of the election; ***[At least \$1 million in personal loans was repaid with contributions made after the election.]*** and

(3) Must not repay, directly or indirectly, the aggregate amount of the personal loans that exceeds \$250,000, from contributions to the candidate or the candidate's authorized committee if those contributions were made after the date of the election. ***[As noted above, at least \$1 million in personal loans was repaid with contributions made after the election.]***

(c) If the aggregate outstanding balance of the personal loans exceeds \$250,000 after the election ***[It did.]***, the authorized political committee must comply with the following conditions:

(1) If the authorized committee uses the amount of cash on hand as of the day after the election to repay all or part of the personal loans, it must do so within 20 days of the election. ***[The committee did not use the cash on hand after the election to repay the personal loans.]***

(2) Within 20 days of the election date, the authorized committee must treat the portion of the aggregate outstanding balance of the personal loans that exceeds \$250,000 minus the amount of cash on hand as of the day after the election used to repay the loan as a contribution by the candidate. ***[The committee failed to do this, showing \$2 million in loans as of Nov. 28, 2016, in the Post-General Election Report.]***

(3) The candidate's principal campaign committee must report the transactions in paragraphs (c)(1) and (c)(2) of this section in the first report scheduled to be filed after the election pursuant to 11 CFR 104.5(a) or (b). ***[Again, the committee failed to do this, showing \$2 million in loans as of Nov. 28, 2016, in the Post-General Election Report.]***

Hence Patrick Murphy, and his campaign committee the Friends of Patrick Murphy, violated 11 C.F.R. 116.11 by repaying \$1 million in a personal loan or loans in connection with an election, after the date of that election (along with related misreporting). Because of this violation, Patrick Murphy should be

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